GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1739
ANSWERED ON:12.12.2003
REVIVAL OF IFCI
BASUDEB ACHARIA

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has decided to revive IFCI by infusing fund to the institution;

(b) if so, the details thereof;

(c) whether public sector banks have been asked to work out fund for its revival;

(d) if so, the details thereof;

(e) whether the Government have explored or to be explored the possibility of merger of IFCI with State Bank of India/Life Insurance Corporation of India; and

(f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO V. ADSUL)

(a) : The Government of India has scheduled a payment of Rs.5220 crore to IFCI spread over till 2011-12 for meeting the principal and interest liabilities of IFCI as follows : The liabilities of IFCI in respect of the Government guaranteed SLR bonds and retail borrowings of investors below Rs.One lakh would be taken over by Government.

(b) Government would service the borrowings of of IFCI from ADB and KfW. Government would bear the difference between the existing coupon rate and the current G.Sec rate on SLR bonds held by Public Sector

(c) Undertakings/Financial Institutions till its maturity.

Out of the total amount of Rs.5220 crore, a sum of Rs.523 crore has been released as loan during 2002-03 and another sum of Rs.1573 crore as grant has been released during 2003-04 to IFCI.

As a part of restructuring of debt/liabilities of IFCI, Public Sector Banks and Financial Institutions have also restructured their loans/advances/investments in IFCI.

The Government assistance is meant for restructuring of debt/liabilities of IFCI and is not a part of revival plan.

(c) : No, Sir.

(d) : Does not arise.

(e) : No, Sir.

(f) : Does not arise.